

The return and spread of the transnational mining corporation in the African periphery

In the 1960s, African governments used their newfound independence to assert sovereignty over their mineral resources, often through direct state ownership. This marked a reversal of their prior colonial exploitation by European mining corporations. Over the course of the past forty years, the pendulum has swung back the other way. By the close of the 2010s, transnational mining corporations had once again become the dominant force assuming ownership and management of industrial mining projects across a greater number of African low-income countries (LICs) than during the colonial period.

The aim of this chapter is to historically situate the case of mining in South Kivu within this broader context. It is organized in three sections, each corresponding to a separate stage of the process that led us from ‘there’ to ‘here’. The first stage involved a diagnosis of the economic challenges faced by African economies from the mid-1970s as due to misguided state intervention and government corruption. This involved ignoring or downplaying the post-independence progress made up to this period and the weight of external shocks in bringing about a rapid reversal of fortunes.

Based on this diagnosis, during the second stage, the International Monetary Fund (IMF) and the World Bank advocated for, financed, and, in many instances, directly oversaw the liberalization, privatization, and deregulation of African LIC mining sectors. Supported by a commodity supercycle, this facilitated the significant growth of resource-seeking, inward foreign direct investment (FDI) flows from the 1990s onwards across the country group. As will be shown, at the onset of the 2020s, African LICs are more heavily dependent upon FDI as a source of development financing than ever before, and this dependence is greater relative to other country groups and regions.

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The third stage required confronting the inconvenient reality that many of the deposits targeted by incoming mining transnational corporations (TNCs) were already occupied by African miners involved in labour-intensive forms of production. This obstacle was dealt with by criminalizing these miners and, if required, forcibly displacing them to make way for the construction of capital-intensive mines. With this hurdle overcome, mining TNCs could turn their attention to the business of ramping up production.

As noted in section 1.1, the analytical focus on low-income African countries is not intended to imply a homogeneity of experience across the country group or to downplay each country's internal dynamics, which will be critical in determining the developmental effects of foreign-owned mining (FOM) (re)industrialization. Indeed, the uneven pace with which FOM (re)industrialization has taken place across the country group since the 1980s is emphasized throughout the chapter. The intention here is rather to foreground the justification for their collective grouping by highlighting the commonalities of their shared trajectory, in particular the uniformity of World Bank-financed mining-sector reform, the resultant ceding of resource sovereignty to foreign corporations, and the marginalization of both state-owned enterprises (SOEs) and African miners within this process.

2.1 Stage one: Blame the African state

During the colonial period, a handful of African LICs produced and exported metals and minerals to European markets: the Democratic Republic of the Congo (DRC), Guinea, Liberia, Sierra Leone, Tanzania, and Uganda.¹ Most African LIC mineral deposits remained unknown to foreign capital at this time, particularly in West Africa (Amin 1972). Where mining sectors were established, they were disarticulated from pre-existing economies, functioning as economic enclaves through which a substantial proportion of profits were repatriated to mother companies overseas (Ghai 1972). In the DRC, for example, between 1924 and 1949 shareholders of *Société minière des Grands Lacs* (MGL, Great Lakes Mining Company), the Belgian mining firm that held a monopoly on production in the east of the country, received an eighteen-fold return on their original investment of 377.4 million Belgian francs.²

The wave of political independence from European colonial rule, beginning in the mid-1950s, ushered in a period of resource-based national

¹ British Geological Survey World Mineral Production Yearbooks.

² MGL Annual Reports, 1924–1950.

developmentalism, including the pursuit of African socialism in several countries. This was based on the recognition that during the colonial period, Africa's natural resources had been exploited by European mining corporations to the benefit of their directors, shareholders, and general populations (by virtue of low prices). For these resources to serve the national interest of African countries, economies, and peoples, it was held that—along with other areas of the economy, including the financial sector—external control and ownership had to be reduced. Buoyed by the long commodity boom of the 1950s, and the spirit of events such as the 1955 Bandung Conference and the 1958 All African People's Conference, there was a general commitment by African governments and states to wrest the control and management of their natural resource wealth back from the hands of their former colonizers (Hormeku-Ajei and Goetz 2022).

In the DRC, the first step was taken under the presidency of Joseph-Désiré Mobutu with the Bakajika Law of June 1966, which—in an attack on the contentious 1960 Belgian law giving colonial Congolese corporations Belgian nationality just a few weeks before Independence—required all foreign-based companies whose main activities were in the DRC to establish their headquarters in the DRC by the end of the year. The government failed to reach an agreement on the nationality of the largest and Belgian-owned colonial mining subsidiary, *Union minière de Haut Katanga* (UMHK)—Haut Katanga Mining Union. So, on 31 December 1966, the Mobutu administration announced its decision to expropriate UMHK and transfer its assets to a new company, *Société générale Congolaise des minerais* (Gécamines, the Congolese General Company of Minerals), which was to eventually become 100 per cent state-owned. The policy of increasing state participation in the productive economy continued in other sectors. By 1970, the Congolese public sector controlled 40 per cent of national value added (Young and Turner 1985: 68–69).

Efforts elsewhere were similarly ambitious, such as Kenneth Kaunda's Zambian-led initiative of the Intergovernmental Council of Copper Exporting Countries (CIPEC) and Julius Nyerere's nationalist ban on extractives, 'aimed at keeping resources in the soil until the nation could develop the productive forces to manage extractives for national development' (Greco 2020: 512). The early results were impressive. In the DRC and Zambia, copper production increased steadily between 1960 and 1974—across the inaugural years of the CIPEC—from around 300,000 to 500,000 tonnes and 500,000 to 700,000 tonnes, respectively.³

³ British Geological Survey World Mineral Production Yearbooks.

In the DRC, this contributed to a tripling of state revenue from \$190 million in 1967 to \$630 million in 1970 (World Bank 1970). A national health system numbering 500,000 employees was established, seen as a model for primary health care in the global South. The education system was nationalized, achieving 92 per cent primary school enrolment and increased access to the secondary and tertiary sectors (Putzel et al. 2008). Across Africa, manufacturing value-added grew at a rate of 7.5 per cent annually between 1960 and 1975 (Mkandawire 1988: 13). Primary school enrolments increased from 41 per cent of the eligible population to 68 per cent between 1965 and the mid-1980s (Mkandawire and Soludo 1999: 16).

This period culminated in May 1974 with the United Nations (UN) adoption of a Declaration and Programme of Action on the Establishment of a New International Economic Order. This declaration and programme 'set out principles for equality between nations, including sovereignty over natural resources and an equitable relationship between the producers and consumers of raw materials' (Money et al. 2020: 589). Rather than usher in a new international economic order, however, the period during which this declaration was signed was to prove a stark reminder of the solidity of the old order and the difficulty of pursuing peripheral development in a global capitalist economy.

The declaration was inaugurated at a time when the oil price was beginning to rise and demand for African exports beginning to diminish due to recession in the global North, leading to a decrease in commodity prices. In the DRC and Zambia, the copper price crashed from \$1.40 per pound in April 1974 to \$0.53 per pound in early 1975 and stagnated thereafter. Around the same time, from 1973 to 1977, the cost of oil imports quadrupled (Young and Turner 1985: 307). Coupled with rising inflation globally during this period, the effect of these price shifts on government revenue would have been even greater in real terms. In addition, as African government loan repayments became due, interest rates on the loans began to rise as the United States sought to control inflation through monetary policy. Previously rising mining production levels stagnated or dropped, growth slowed, and debt grew across the continent, reducing the foreign exchange available to purchase the imports needed to further industrialization. Between 1980 and 1988, 25 African countries rescheduled their debts 105 times (Cheru 1992). In the DRC, copper and cobalt exports decreased sharply, eventually collapsing by the early 1990s.

Of course, external shocks were not the sole cause of the reversal. Internal dynamics had a critical role to play, most notably perhaps the 'socially

rootless' nature of industrialization efforts in Africa (Mkandawire 1988: 18). In the DRC, external shocks unmasked the failures and limitations of Mobutu's nation state-building project. Nationalization measures undertaken in 1973 and 1974 to provide an emerging politico-commercial class of senior state bureaucrats with access to productive capital—known as Zairianization—were poorly planned and implemented and went badly awry. Agriculture had been neglected, receiving less than 1 per cent of state expenditure from 1968 to 1972, and the Congolese manufacturing sector was in decline (World Bank 1973, 1975).

Yet, a consideration of the impact of external shocks, alongside recognition of the progress made by newly independent African governments in the short time frame up until this juncture, was largely missing from influential publications in the 1980s seeking to understand the causes of African economic stagnation from the mid-1970s onwards. Instead, misguided African state intervention and government corruption were put forward as primary causal explanations, to the exclusion of other factors. Championed largely by Africanists based in North American universities (such as Robert Bates (1981) and Eliot Berg, author of the World Bank (1981) report *Accelerated Development in Sub-Saharan Africa: A Plan for Action*), this line of thinking was immediately embraced by the IMF and the World Bank (Mkandawire and Soludo 1999). Toye (1994) has theorized that the appeal of the diagnosis lay in its apparent offering of a development panacea: by locating the state as the single source of economic failure, this failure could then be easily overcome by removing the state from the development process.

In the DRC, World Bank reports from the 1980s show how ingrained this view was at the time. In one, the Bank (1984: 12) argued that the country's economic decline was due to 'a long series of inadequate economic and financial decisions. Nothing in the past decade has had a more lasting and devastating effect on the economy than the Zairianization and Nationalization measures of 1973 and 1974.' The following year, the Bank (1985: 4) argued that 'the largely inefficient parastatal sector has inflicted high opportunity costs on the Zairian economy and exacerbated internal and external imbalances.'

There is no doubting that the ill-conceived nationalization policies of the 1970s, and in particular the Zairianization measures, held some responsibility for the DRC's economic difficulties during this period. Yet, such factors ought to be weighed in consideration with the impact of external shocks—which began for the DRC with the copper price crash in 1974—and the

achievements made by the Mobutu administration up until this point. Such a weighting exercise is absent from both reports.

Offering a regional perspective, the seminal work of [Mkandawire and Soludo \(1999: 39\)](#) on the causes of the mid-1970s decline in African economic performance is worth citing at length:

Our intention here is not to rationalize, let alone ignore the infamous mismanagement of economies by African governments. Rather, the point is to emphasize that successful adjustment will be elusive unless Africa's vulnerability to external factors is recognised. Such a recognition will serve in rethinking the form and content of Africa's structural transformation. Failure to account for such factors, even as one corrects for internal policy errors, can frustrate attempts at change and condemn them to involuntary reversal.

By downplaying the external and foregrounding the internal, the result is an analysis and diagnosis that lays the blame firmly on the state management and ownership structures underpinning national developmentalist ambitions in the 1960s and early 1970s, to the exclusion of shocks and trends in the global economy.

With governments across the global South in debt distress, and with little or no access to international capital markets during this period, both the IMF and the Bank grew significantly in influence, formulating a set of policies that came to be known as the Washington Consensus ([Williamson 1993](#)). The policies revolved around a neoliberal menu of fiscal discipline, reducing public expenditure, import liberalization, FDI liberalization, the privatization of SOEs, and the general deregulation of economic activities. 'Getting the prices right' was the central tenet, and the state was perceived as a price-distorting obstacle to this goal. The doctrine was implemented across Africa by the World Bank—and IMF-financed structural adjustment programmes (SAPs), geared towards currency devaluation, trade liberalization, reducing the role of the state, and eliminating subsidies. Between 1980 and 1991, while the number of SAPs implemented by each country varied, all seventeen mineral-rich, African LICs underwent some form of structural adjustment ([Mosley and Weeks 1993](#)).⁴ Crucially, most SAPs also had a focus on increasing primary commodity exports, but this time around—to correct for the perceived failures of the recent past—under new management.

⁴ Accounting for the fact that during this period, Eritrea had yet to gain independence from Ethiopia.

2.2 Stage two: Roll out the corporation

It was in this political and ideological context that, alongside and, in some cases, through the implementation of SAPs, the World Bank set about financing and overseeing the deregulation, privatization, and liberalization of the African mining industry. As [Hormeku-Ajei and Goetz \(2022: 12\)](#) have summarized, ‘at the onset of neoliberalism the World Bank told African governments to abandon any notion to use mineral resources to serve social priorities or developmental priorities and give up the running and management of minerals and mineral wealth to transnational companies.’ Towards this end, between 1980 and 2021, the Bank provided around \$1.1 billion in mining-sector grants and loans to fifteen mineral-rich African LICs (all except for Chad and Eritrea), of which more than \$300 million was still active in 2021.⁵ The country-level distribution of this financing is listed in [Figure 2.1](#) and shows that more than 50 per cent of the total amount was distributed to just five countries: Mozambique, the DRC, Guinea, Niger, and Tanzania.

The concentration of grant and loan value in just a few countries, however, masks a high level of uniformity in the regulatory and institutional reform prescribed by the Bank across the country group. The Bank’s vision for

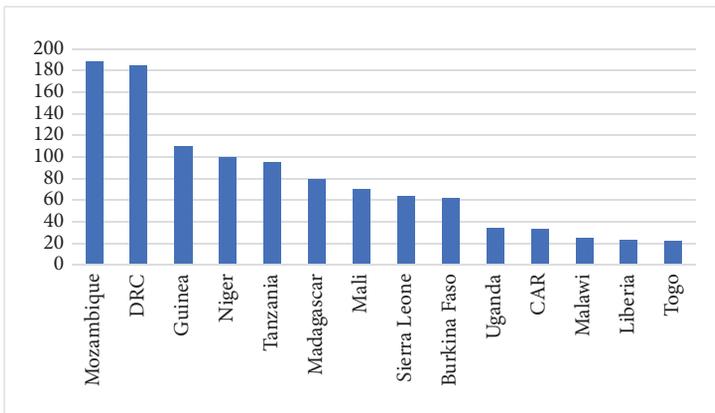


Figure 2.1 World Bank mining grants and loans to mineral-rich African LICs, 1980–2021 (millions of USD)

Source: Author calculations based on data from the World Bank Projects & Operations Database, <http://projects.worldbank.org/en/projects-operations/projects-home> (accessed 9 August 2021).

⁵ These figures do not include grants and loans provided for energy and infrastructure projects, which are often directly related to mining industry development.

reform is most succinctly presented in its 1992 guiding document, *Strategy for African Mining*:

The private sector should take the lead. Private investors should own and operate mines. The government should promote private investment, establish policies and regulations, supervise implementation of established policies, and monitor the private companies. Existing state mining companies should be privatized at the earliest opportunity to improve productivity of the operations and to give a clear signal to investors with respect to the government's intention to follow a private-sector-based strategy.

(World Bank 1992: xiii)

Prior to the rise of China as an alternative source of resource-linked finance, and with many African countries still unable to access international capital markets, the Bank was able to exert significant influence through these grants and loans to implement its strategic vision for how mining should be organized and managed.

In the African LIC mining policies that followed, state regulation was sanctioned only insofar as securing FDI and upholding the sanctity of private property (Bush 2010). Tanzania's 1997 policy, for example, was geared to the pursuit of a model of 'private sector-led mineral development, while the major roles of the government are regulating, promoting, and facilitating' (EITI 2011: 10), a far cry from the nationalist ban on extractives of the Nyerere era.

In the DRC, where the World Bank has provided \$185 million in loans to oversee mining-sector reform, staff from the Bank worked in close collaboration with a Congolese committee on the drafting of the mining law. Blaming mining-sector decline on poor governance under the Mobutu administration, reform was driven by the World Bank's maxim that 'Zaire must be less, but better governed' (World Bank 1994, cited in Mazalto 2008: 57). The eventual 2002 Mining Code moved to privatize state-owned mining enterprises and attract fresh FDI by offering a generously liberal fiscal regime, including tax holidays and exemptions and low royalty rates.⁶ This included the eventual privatization of the country's two largest SOEs, Gécamines (as previously noted) and the diamond producer *Société minière de Bakwanga*—Bakwanga Mining Company.

Campbell (2008: 369) has shown how the experience of loan-recipient African countries during the 1990s and 2000s was 'a cumulative process

⁶ Much later, in 2015, the IMF DRC head of mission would comment, 'the 2002 Mining Code is too generous, so much so that the state captures very little in the end' (cited in Lukusa 2016: 156).

of reform leading to several generations of increasingly liberalized mining regimes'. By the end of the 2000s, African LIC governments had reduced or eliminated state participation in mining enterprises, provided a wide range of fiscal and tax incentives to encourage FDI, liberalized exchange controls and exchange rate policy, and enshrined investment-protection assurances (UNECA 2011: 17).

Despite some modifications during the 2010s (with increasing emphasis on environmental regulation, social provisions, and transparency, reflected through the emergence of discourses around 'corporate social responsibility' and 'sustainable mining'), the Bank's underlying logic that African mining should follow the model of capital-intensive FOM held fast (Hilson 2019). In 2021, the Bank had ongoing mining reform programmes in the seven mineral-rich African LICs of Niger (\$100 million), Guinea (\$65 million), Mozambique (\$50 million), Mali (\$40 million), Sierra Leone (\$20 million), Togo (\$15 million), and CAR (\$10 million). Each programme was focused, in whole or in part, on institutional and regulatory change within a general framework giving overall priority to capital-intensive FOM.

Recent mining code and policy revisions led by African LIC governments, such as Tanzania, the DRC, Sierra Leone, and Malawi, have sought to redress the liberal excesses of earlier eras. These revisions have taken inspiration from the Africa Mining Vision (AU 2009), a framework developed in 2009 to deepen the linkages between FOM and national economies and strengthen government capacity to negotiate with and leverage developmental benefits from foreign mining corporations (as discussed in section 1.2). In 2018, for example, the DRC passed a new mining code which raised royalty rates, introduced a super-profits tax, and increased government participation in industrial projects from five per cent to ten per cent.

The global mining industry, and some scholarship (Andreasson 2015; Pederson et al. 2019), has been quick to herald this as a new era of resource nationalism. Yet, recent policy reform has sought only to regulate more tightly, rather than challenge and overturn, the dominant model of capital-intensive FOM industrialization on the continent. This remains a far cry from the earlier era of 1960s and 1970s resource sovereignty to which the discourse on resource nationalism alludes (Greco 2020).

With the regulatory framework overhauled, foreign investment was freed to seek out fresh opportunities. Mining exploration in Africa increased from 4 per cent of total mineral exploration expenditure worldwide in 1991 to 17.5 per cent in 1998, and overall mining investment in Africa doubled between 1990 and 1997 (Pegg 2006). The start of a commodity supercycle in 1999 gave fresh impetus to this activity. In 2004, the \$15 billion invested in mining in

Africa represented 15 per cent of the total of mining investment worldwide, up from 5 per cent in the mid-1980s and putting the region third globally, behind Latin America and Oceania (UNCTAD 2005). From 2002 to 2012, a period spanning most of the supercycle, mineral exploration spending in Africa rose by more than 700 per cent, reaching \$3.1 billion in 2012 (Wilburn and Stanley 2013).

Gold was the major attraction, with the gold price increasing by a factor of six from \$279 per troy ounce in 2000 to \$1,669 per troy ounce in 2012.⁷ Alongside Banro in South Kivu, for example, the Australian explorer Vector Resources, Canadian TNC Monument Mining, US-listed Panex Resources, and UK-listed ARC Minerals together invested tens of millions of dollars in advanced gold exploration programmes in the 2000s and early 2010s.

In 2007, the United Nations Conference on Trade and Development (UNCTAD) noted that:

the sweeping changes in African LDCs' mining policy in the 1980s and 1990s were aimed at attracting FDI and increasing exports, in which they have been successful. Total FDI inflows into African LDCs rose fourfold from an annual average of \$1.7 billion in the 1990s to \$6.8 billion in 2000 to 2005 [...] the bulk of which was directed to mineral extractive industries.

(UNCTAD 2007: 35)

In 2012, FDI inflows to LDCs grew robustly by 20 per cent to a record level of \$26 billion and were highly concentrated in several African countries (UNCTAD 2013: xviii). In 2014, total FDI inflows to LDCs reached \$23 billion and remained 'concentrated in a small number of mineral-rich economies', with African LICs among three of the top five LDC FDI recipients (UNCTAD 2015: 78–81).⁸ The scale of the trend was such that, by the mid-2010s, for many African LICs, the mining sector had become 'one of the most crucial sources of investment and income in their economies' (Farole and Winkler 2014: 117). In the DRC, FDI inflows increased by a factor of seventeen between 2002 and 2012, from \$188 million to \$3.3 billion.⁹ Across the same period, FDI stocks rose from \$907 million to \$22.5 billion or from 10 per cent to 59 per cent of gross domestic product (GDP). The fresh investment was almost exclusively focused on mining (Englebert 2014).

⁷ World Gold Council, <http://www.gold.org/goldhub/data/gold-prices> (accessed 13 August 2021).

⁸ The top five countries were Mozambique (\$4.9 billion), Zambia (\$2.5 billion), the DRC (\$2.1 billion), Tanzania (\$2.1 billion), and Equatorial Guinea (\$1.9 billion).

⁹ UNCTADstat database.

Looking at the aggregate level of inward FDI flows to mineral-rich African LICs from 1970 to 2019 confirms this picture (Figure 2.2). Total FDI inflows to the group were low and stable during the 1970s and 1980s, at an annual average of just \$0.2 billion, increasing only slightly to \$0.6 billion in the 1990s. Hereafter, they grew to an annual average of \$3.9 billion in the 2000s and \$13.9 billion in the 2010s. Notably, inward flows have declined following a 2012 peak of \$17.8 billion. This peak year coincided with the end of the supercycle, further supporting the notion that much of the prior increase was primarily resource-seeking. This underscores the vulnerability of this type of investment and activity to world price fluctuations, a point taken up for closer examination in Chapter 3.

Despite this post-supercycle drop, inward flows throughout the 2010s were still significantly greater than those experienced during any year of the previous decade (at \$11.5 billion in 2019, for example, compared to the \$7.9 billion peak for the 2000s in 2008). At \$46 billion, FDI inflows to Africa in 2019 (the year prior to the COVID-19 pandemic outbreak) were comparable to the annual average of the preceding ten years of around \$50 billion, driven by ‘the continuation of resource-seeking investments’ (UNCTAD 2019: 3). An important factor here is the significant demand generated for several minerals and metals deemed critical for the global transition from fossil fuels to renewable energy, many of which are found in abundance on the continent (see section 2.3 and Chapter 8 for further discussion of this point).

Table 2.1 presents data disaggregated by country on the size and importance of FDI inflows to mineral-rich African LIC economies since the 1990s,

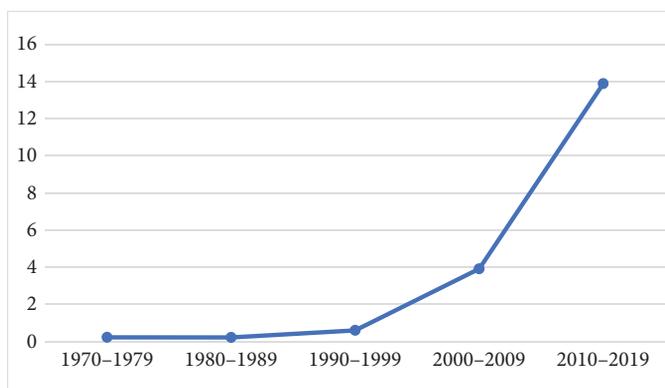


Figure 2.2 Annual inward FDI flows to mineral-rich African LICs, period averages (billions of current USD)

Source: Author calculations based on data from UNCTAD and UNCTADstat.

Table 2.1 Select indicators on annual inward FDI flows to mineral-rich African LICs, period averages (millions of current USD)

Country	FDI flows								
	Value			As % of GDP			As % of GFCF		
	1990–1999	2000–2009	2010–2019	1990–1999	2000–2009	2010–2019	1990–1999	2000–2009	2010–2019
Mozambique	92	366	3,696	2.0	4.4	24.7	14.7	31.9	94.0
Ethiopia	69	311	2,101	0.9	2.9	3.2	4.9	11.2	9.2
DRC	3	591	1,919	0.0	4.0	6.0	1.6	35.1	31.0
Tanzania	121	603	1,388	1.2	3.1	3.1	5.3	11.9	9.4
Uganda	80	440	929	1.2	3.5	3.6	5.6	13.5	13.8
Niger	10	141	662	0.3	2.2	6.8	3.4	9.7	23.5
Liberia	72	130	517	10.2	17.0	28.6	14.6	83.0	101.3
Madagascar	19	421	502	0.5	4.9	4.3	4.3	18.4	21.2
Guinea	20	123	452	0.4	2.2	5.5	3.5	10.6	20.8
Mali	24	199	397	0.9	3.2	2.9	3.2	16.9	16.0
Sierra Leone	3	54	382	0.4	3.1	10.3	4.5	33.0	47.2
Chad	22	282	321	1.3	10.4	2.8	10.4	28.0	14.8
Burkina Faso	7	71	246	0.3	1.0	1.8	1.3	5.9	9.1
Malawi	13	76	161	0.5	1.8	2.6	3.9	12.2	20.6
Togo	14	53	141	0.8	2.5	3.6	7.0	15.5	13.4
Eritrea	77	38	55	9.7	2.3	1.5	30.5	14.4	17.1
CAR	1	30	23	0.2	1.7	1.1	2.0	16.4	8.0
Country Group	602	3,918	13,891	1.5	4.1	6.6	7.8	21.6	27.7
Country Group (minus Liberia)				0.9	3.3	5.2	5.6	17.8	23.1
Africa				1.1	2.6	2.2	5.4	11.6	10.0
Developing economies				1.9	2.9	2.3	7.7	10.8	7.6
World				1.3	2.3	2.1	5.6	9.9	8.6

Notes: GFCF = gross fixed capital formation.

Source: Author calculations based on data from UNCTAD and UNCTADstat.

when inflows first began to noticeably increase.¹⁰ Three stylized trends emerge from the data. First, there is a high level of FDI concentration in just a few countries. For the most recent period of 2010–2019, 55 per cent of total FDI went to just three countries (Mozambique, Ethiopia, and the DRC) and 72 per cent to just five countries (the addition of Ethiopia and Uganda).

Second, FDI concentration has been coupled with significant growth across all countries except for Eritrea. While the countries located towards the bottom of Table 2.1 received the lowest absolute levels of inward FDI flows between 2010 and 2019, they experienced pronounced increases in these flows since the turn of the century, much of which was mineral-seeking. In Madagascar, for example, 74 per cent of total FDI inflows between 2007 and 2011 went to the country's mining sector (EITI 2015: 61). Throughout the 2010s, FDI to Burkina Faso, Guinea, Malawi, and Mali was driven by a gold boom. The significant levels of country-level FDI growth across the group indicate the presence of nascent and emerging forms of capital-intensive FOM across a broader range of African countries than is often implied by the 'concentration' narrative. Indeed, as highlighted above, it is in several of these lower-placed countries that, in 2021, the World Bank had active mining-sector reform programmes.

Third (and, again, apart from Eritrea), while in the 1990s the importance of FDI relative to mineral-rich African LIC GDP and gross fixed capital formation (GFCF) was comparable to Africa, to developing economies, and globally, by the 2010s, FDI had become a significantly more important component of mineral-rich African LIC economies than in these other groupings. In other words, FDI growth since the 1990s has altered the composition of these economies, which have become increasingly dependent upon FDI as a source of development financing, and this level of dependence is greater today relative to other country groups and regions.¹¹

While not undermining the overall nature and direction of the trends observed, it should be noted that a sizeable portion of the significantly increased inward FDI flows to the country group is motivated by non-mining interests. In Mozambique and Uganda, for example (two of the top five countries in terms of total FDI inflows during the 2010–2019 period), FDI has been primarily targeting oil and gas.

¹⁰ Due to rounding, values and percentages in Table 2.1 and throughout the book do not necessarily add to totals.

¹¹ The Burundian economist Ndikumana (2015: 6) has pointed out that 'although the volume of private capital flows into [Africa] has increased substantially over the past two decades, the continent's share in global financial flows remains small'. Yet, given the level of absolute increase in FDI inflows documented, FDI is nevertheless a more important component of mineral-rich African LIC economies than was the case during the previous century.

It should also be acknowledged that foreign capital is not the only source of mining investment to the country group. It is, nonetheless, the dominant source. In 2014, seven countries from the group submitted mining project ownership data to the Extractive Industries Transparency Initiative (EITI).¹² The data is not comprehensive as mining companies reported on a voluntary basis and many failed to do so. Nevertheless, of the 180 mining firms that did report, 159 (or 89 per cent) were foreign-owned TNC subsidiaries. Moreover, nearly all the reporting domestic firms were SOEs holding minority stakes in foreign-owned projects, such as Gécamines in the DRC.

To summarize, by the 2010s, the earlier post-independence model of national ownership and control over natural resources had given way to a new era in which mineral-seeking FDI had grown dramatically. This, in turn, led to the en masse arrival of mining TNCs to establish a new model of capital-intensive FOM across the African periphery.

2.3 Stage three: Displace African miners

One final stage was required before transnational corporations could move front and centre. This involved dealing with the on-the-ground reality that, for many incoming TNCs, their prized deposits were already occupied by African miners involved in a wide range of labour-intensive forms of mining. Most commonly associated with gold and diamonds, labour-intensive African mining is also involved in the production of silver, copper, cobalt, tin, tantalum, iron ore, aluminium, tungsten, wolframite, phosphates, precious and semi-precious stones, and rare earth minerals, among others. Globally, labour-intensive mining has been estimated to contribute up to 30 per cent of total cobalt production, 25 per cent for tin, tantalum, and diamonds, 20 per cent for gold, and 80 per cent for sapphires (Fritz et al. 2018; World Bank 2020).

In 1989, the World Bank (1992) estimated the annual value of labour-intensive gold and diamond production in Africa at \$1 billion, produced by an estimated one million miners. This included a consideration of gold production in thirteen of the seventeen mineral-rich African LICs, which, as a group, comprised around 80 per cent of the estimated production value across the continent. The size of labour-intensive domestic-owned mining (DOM) in mineral-rich African LIC economies by the 2010s can be

¹² The submitting countries were Burkina Faso, DRC, Ethiopia, Madagascar, Mali, Tanzania, and Togo. The status 'foreign owned' was assigned if a non-national entity owned more than 50 per cent of the company equity.

estimated by looking at the number of miners engaged in this form of production by country and their percentage composition of the rural population (Table 2.2). Due to the largely informal and undocumented nature of this mining, numbers are highly approximate, yet nonetheless offer some sense of scale.

With an estimated total of around 7 million miners across the country group, representing around 3 per cent of the rural population, the general picture confirms Hilson's (2009: 1) observation that labour-intensive DOM has established itself as 'an economic mainstay in rural sub-Saharan Africa.' Factoring in secondary economies, supply chains, and dependents, the number of people directly and indirectly connected to the sector is greater still.

The growth in labour-intensive DOM since the 1980s has been driven by three factors. First, the crisis of African agriculture (Bernstein 2007), reflected in low agricultural productivity, declining farm sizes, and rising populations, has led to an increasingly important role for off-farm employment (Alobo Loison 2015).¹³ Second, and often overlooked, 'much of the poverty driving people to [labour-intensive DOM] appears, at least in the case of sub-Saharan Africa, to have been created by reforms' (Banchirigah 2006: 167).

Table 2.2 Labour-intensive DOM in mineral-rich African LICs

Country	Number of miners		Country	Number of miners	
	Total	As a % of rural population		Total	As a % of rural population
Burkina Faso	150,000	1.2	Malawi	40,000	0.3
CAR	200,000	6.8	Mali	500,000	4.7
Chad	146,000	1.3	Mozambique	200,000	1
DRC	2,000,000	4.5	Niger	291,000	1.8
Eritrea	400,000	10	Sierra Leone	300,000	7.7
Ethiopia	728,000	0.9	Tanzania	1,000,000	2.7
Guinea	250,000	3.2	Togo	17,000	0.4
Liberia	125,000	5.5	Uganda	300,000	0.9
Madagascar	500,000	3.1			
TOTAL/AVERAGE				7,147,000	2.9

Source: The Artisanal and Small-Sale Mining Knowledge Sharing Archive, <http://artisanalmining.org/Inventory> (accessed 13 August 2021).

¹³ This dynamic is captured by Bryceson's 'deagrarianisation' (1996) or 'depeasantisation' (1999) thesis, which documents the gravitation made by rural Africans into off-farm employment as a result of multiple economic, social, and political pressures from the 1970s onwards.

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The decline of state-led developmentalism and the collapse of welfare provisioning under the weight of structural adjustment during the 1980s exerted significant strain on the productive and reproductive capacity of rural African households. Third, rising commodity prices, especially during the supercycle of 1999–2012, pulled people towards the sector, where (as demonstrated in section 6.2) there were often higher wages and profits to be made than locally available alternatives.

Despite the sector's importance to rural employment and income across the country group, African miners engaged in various forms of labour-intensive DOM have been forcibly displaced from their sites to make way for the construction of corporate-led industrial mines. Often financed by the incoming TNCs themselves, and echoing violent colonial practices of the past, displacement has frequently taken place as government military-led 'sweeps':

AngloGold-Ashanti, for example, which has operations in Ghana, Guinea, Tanzania, Mali, Namibia and South Africa, and exploration sites in the Democratic Republic of Congo, has made it no secret that actions taken to forcibly remove illegal miners from company concessions are, in the view of their officers, well justified [. . .] Companies such as Barrick Gold, which operates the Bulyanhulu Mine in Northwest Tanzania, and Anvil Mining, the majority owner of the Kulu Project in the Democratic Republic of Congo, also regularly call upon local security forces to remove illegal artisanal miners from concessions.

(Banchirigah and Hilson 2010: 166)

In 2017, 70,000 miners were forcibly displaced by Ugandan military and police in Mubende to make way for a Canadian-listed mining corporation. Speaking to local media shortly after the displacement, Edwards Katto, a Director at the Ugandan Ministry of Energy and Mineral Development, said:

Those people [Ugandan miners] still joking should style up. Now, I'm not only a director [in the Ministry] but also a commander of the Minerals Protection Unit of the Uganda Police Force. So, those illegal artisanal miners still behaving like those in Mubende [who were evicted], they should pack and vacate the mines, otherwise, my police force will help them pack.

(AllAfrica 2017)

This statement speaks well to the general regard held for African miners within the process of capital-intensive FOM (re)industrialization. While not strictly analogous, these dynamics recall Marx's description of primitive accumulation or Harvey's (2004: 74) reconceptualization of this as a

continuous process of accumulation by dispossession, involving ‘the commodification and privatization of land and the forceful expulsion of peasant populations, conversion of various forms of property rights into exclusive private property rights, [and] suppression of rights to the commons.’ Displaced and removed from the best deposits, African miners are restricted to working in less productive areas (Luning 2008).

With African miners out of the way, the arrival of TNCs to lead African LIC mining economies has resulted in production and revenue increases across much of the country group since the 2000s. Looking at production trends in major metal and mineral commodities from 2000 to 2020, Table 2.3 indicates rising production in ten of the seventeen mineral-rich African LICs.

In the DRC, copper production grew from 33,000 tonnes in 2000 to more than one million tonnes in 2020 and gold production from 0.1 tonnes to 40 tonnes across the same period. By 2013, the total estimated annual value of mining output in the DRC was \$10.2 billion, or more than 50 per cent of GDP (Englebert 2014). In Liberia and Sierra Leone, iron ore production has soared, as has bauxite in Guinea, mica and nickel in Madagascar, and phosphates in Tanzania.

The largest increase across the group has been in gold. Of the ten countries listed, seven have experienced significant production increases in the 2000s and 2010s, rising as a group from 63 tonnes in 2000 to 336 tonnes in 2020.

Table 2.3 Mineral-rich African LIC metal and mineral production, select years (tonnes)

Country	Commodity	2000	2005	2010	2015	2020
Burkina Faso	Gold	0.6	1.3	23.5	36.5	62.4
DRC	Copper	33,000	97,500	378,300	1,039,007	1,023,687
	Gold	0.1	7.2	10	38	40
Ethiopia	Gold	3.2	3.7	6	9.4	7.5
Guinea	Bauxite	17,991,900	19,237,300	16,427,300	20,905,000	87,766,199
	Gold	15.7	25.1	24.8	21.5	91.8
Liberia	Iron Ore	–	–	386,968	5,748,520	4,874,409
Madagascar	Mica	67	546	2,069	16,634	70,000
	Nickel	0	0	5,695	47,271	42,105
Mali	Gold	28.7	49.2	44.3	46.5	65
Sierra Leone	Bauxite	0	0	1,089,131	1,435,195	1,301,584
	Iron Ore	0	0	339,330	5,247,688	6,576,576
Tanzania	Gold	15.1	47.3	39.5	43.3	55.5
	Phosphates	5,100	7,096	17,180	23,000	28,376
Togo	Gold	0	6.1	10.4	15.6	14

Source: British Geological Survey World Mineral Production Yearbooks.

In the DRC, along with Banro, the rise in gold production has been driven by the Kibali project in Haut-Uélé province, led by a joint venture between the Canadian TNC Randgold Resources and the South African TNC AngloGold Ashanti.

Taken together, the FDI and production data indicate that, at the onset of the 2020s, a general process of FOM (re)industrialization is underway across the country group, although in a non-uniform manner. While the process is well advanced in Burkina Faso, the DRC, Guinea, Mali, and Tanzania, it is less visible in the Central African Republic (CAR), Chad, Eritrea, Malawi, Mozambique, Niger, and Uganda, with Ethiopia, Liberia, Madagascar, Sierra Leone, and Togo occupying the middle ground. Yet, even in countries where the process is apparently less advanced, the journey is nonetheless underway.

Eritrea, the most inactive country in the group by the metrics of World Bank-financed reform and FDI inflows, has attracted fourteen mining and exploration firms from Australia, Bermuda, Canada, China, Libya, the United Arab Emirates and the United Kingdom (Mayer Brown 2015) and holds aspirations to develop its economy through TNC-led gold, copper, zinc, and potash mining projects (Blair 2016). In CAR and Niger, the World Bank launched mining-sector reform projects in 2018 and 2020, respectively, with a focus on improving foreign investor attractiveness in both cases. With significant deposits of critical energy transition minerals and metals, Madagascar (cobalt and rare earths), Malawi (rare earths), Mozambique (bauxite and rare earths), Sierra Leone (bauxite and iron ore), Togo (iron ore), and Uganda (iron ore) are all targets of current investment.¹⁴

The three-stage process detailed in this chapter raises three central issues: first, the cogency, as per the IMF and the World Bank, of attributing the economic difficulties faced by African governments from the mid-1970s as due to state inefficiencies, mismanagement, and corruption, while downplaying the weight of external shocks and trends; second, and relatedly, whether the now ascendant foreign-controlled form of mining industrialization—in place across a far wider spread of African LICs than was the case during the colonial period—can go beyond delivering GDP growth to drive the transformative processes of economic development that the earlier era failed to deliver; third, the developmental implications of the displacement of labour-intensive forms of DOM to make way for incoming TNCs seeking to establish capital-intensive forms of FOM across the continent.

Each of these issues is taken up for investigation in the remainder of the book, beginning in Chapter 3 with a focus on the first: the notion, central to

¹⁴ US Geological Survey country reports.

the African Mining Consensus, that state ownership and management structures explain the decline of industrial production on the continent from the mid-1970s onwards. Evidence of superior foreign firm efficiency and management would provide support to this Consensus position. As Chapter 3 demonstrates through the case of South Kivu, however, foreign mining corporations are just as vulnerable to firm inefficiencies, mismanagement, and the vagaries of volatile prices as the state-led model they were promoted to replace.